



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

**Scott McCallum**, Governor  
**Connie L. O'Connell**, Commissioner

**Wisconsin.gov**

Local Government Property Insurance Fund  
The ASU Group  
7633 Ganster Way, Suite 206  
Madison, Wisconsin 53719-2092  
Phone: (608)833-1443 • Toll Free: (877)229-0009  
Fax: (608)821-1199 • Toll Free Fax: (877)832-0122

April 29, 2002

Dear Policyholder:

In response to continuing loss experience, coupled with changes in the Fund's reinsurance program, the Local Government Property Insurance Fund retained the actuarial firm Deloitte & Touche, LLP, to advise the Office of the Commissioner of Insurance (OCI) on Fund rates. The actuarial report, issued April 8, 2002, indicated a rate increase of 88% for the building and contents line was warranted. However, due to the Fund's sensitivity to local governmental budgets, we accepted a recommendation by the Fund Advisory Committee to phase-in the rate increase over the next several years, beginning with a 24% increase in rates for all lines of coverage, effective July 1, 2002. In accepting a lower increase than recommended by our actuaries, the Fund also agreed to a study to recommend rate increases to be implemented effective January 1, 2003. The study will also be reviewing changes in the Fund's deductible table designed to encourage and reward insureds into taking a higher deductible limit.

We regret the need to increase rates, but changes in the Fund reinsurance program and emerging loss experience have significantly eroded the Fund's surplus position. Reinsurance premium increases and continuing losses are causing rate increases throughout the commercial property insurance marketplace. The Fund's objective continues to be providing low cost property insurance coverage to local governmental entities.

Completing phase-in of necessary rate increases will continue over the next few years to keep the Fund viable as an insurance operation. The Fund strongly recommends that insureds budget for future annual increases at a minimum of 50% for policies renewing effective January 1, 2003 and later.

In addition to this general announcement, individual notices about this rate increase are being mailed to insureds as a part of the renewal process. Please contact the ASU Group at 1-877-229-0009 or me if you have any questions about this letter.

Sincerely,

Dan Bubolz, Insurance Program Officer  
The Local Government Property Insurance Fund  
(608) 264-6226 or email address: Dan.Bubolz@oci.state.wi.us